

OIL, GAS AND MINERAL LEASE

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

THIS AGREEMENT which includes Exhibit "A", attached hereto and incorporated herein, made this 20th day of May 2009, between, **Mayfield-Kiser, LLC** as Lessor, (whether one or more), whose address is: 1072 Woodcrest, Burleson, Texas 76028 and 908 Berkely, Cleburne, Texas 76031, and **Grand Energy Inc.** whose address is: 15303 N. Dallas Pkwy. Suite 1010, Addison, Texas 75001, Lessee.

WITNESSETH:

1. Lessor, in consideration of the cash bonus in hand paid and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, and operating for, producing and owning oil and gas. The land covered hereby, herein called "said land", is located in the County of Tarrant, State of Texas, and is described as follows:

See Attached Exhibit "B"

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 7.68 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of 3 years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than one hundred twenty (120) consecutive days.

3. As royalty, Lessee covenants and agrees : (a) to deliver to the credit of Lessor, in the pipe line to which Lessee may connect its wells, the equal **Twenty Five (25%)** part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such **Twenty Five (25%)** part of such oil at the wells as of the day it is run to the pipe line or storage tanks, Lessor's interest, in either case, to bear **Twenty Five (25%)** of the cost of treating oil to render it marketable pipe line oil ; (b) To pay Lessor on gas and casing head gas produced from said land (1) when sold by Lessee, **Twenty Five (25%)** of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of **Twenty Five (25%)** of such gas and casing head gas ; (c) To pay Lessor on all other minerals mined and marketed or utilized by Lessee from said land, one-tenth either in kind or value at the well or mine at Lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar (\$1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is a well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to one dollar (\$1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force

solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be (paid directly to Lessor at address above) or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance; provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas, other than casing head gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement, are required under any governmental rule or order, for the drilling or operation of a well at a regular location, or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each such separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interests in land not covered by this lease. Neither shall it impair the right of lessee to release as provided in paragraph 5 hereof, except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations, as to the released acreage or interest.

6. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

7. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now

on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.

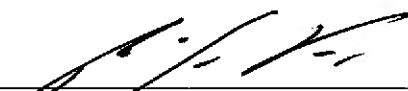
10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not), or no interest therein, then the royalties and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

11. If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.


IN WITNESS WHEREOF, this instrument is executed on the date first above written.

IN TESTIMONY WHEREOF, this instrument is executed on the date first above written.

Mayfield-Kiser, LLC

X 

By: Roy H. Kiser Jr., Member

X 

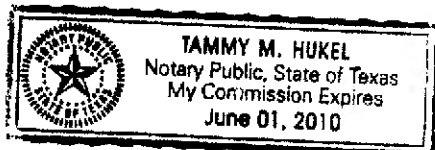
By: Robert B. Mayfield, Member

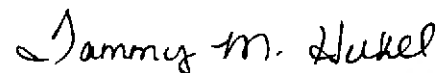
THE STATE OF TEXAS §

COUNTY OF TARRANT §

This instrument was acknowledged before me on the 20 day of May, 2009 by Roy H. Kiser Jr.

My Commission Expires:





NOTARY PUBLIC, STATE OF

Tammy M. Huikel

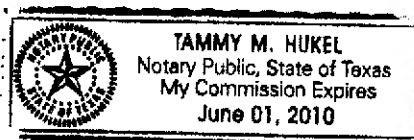
NOTARY'S PRINTED NAME

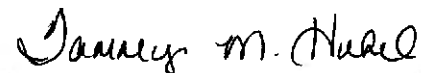
THE STATE OF TEXAS §

COUNTY OF TARRANT §

This instrument was acknowledged before me on the 20 day of May, 2009 by Robert B. Mayfield.

My Commission Expires:





NOTARY PUBLIC, STATE OF

Tammy M. Huikel

NOTARY'S PRINTED NAME

EXHIBIT "A"

Attached to and made a part of that certain Oil, Gas and Mineral Lease dated May ~~20th~~¹⁴, 2009, between Roy H. Kiser, Jr. and Robert B. Mayfield as Lessor, and Grand Energy, Inc., as Lessee.

12. AGREEMENTS SUPERSEDE

It is understood and agreed by all parties hereto that the provisions of this Addendum supersede any provisions to the contrary contained in the printed lease ("Lease") hereof.

13. NO RIGHT OF FIRST REFUSAL

Lessee has not right of first refusal. Upon the expiration of this lease, Lessor may lease the leased premises to any party without notice to Lessee.

14. RIGHT TO CURE

No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder for a period of at least 45 days after Lessor have given Lessee written notice reasonably describing the breach or default. If Lessee begins attempts to remedy the default during the 45 day period but is unable to completely remedy the default during the 45 day period, Lessor agrees to grant Lessee an additional 45 days to remedy the default or breach. Such an extension shall not be unreasonably withheld. If Lessee fails to cure the breach or default to Lessor's satisfactory during the 45 day period, or 90 day period as the case maybe, Lessor may enforce the terms of this lease by any applicable means permitted by law or equity. The prevailing party in any action to enforce the terms of this Lease may recover its costs and attorneys' fees as set out in this Addendum.

15. ROYALTY

Notwithstanding any provisions to the contrary, royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons, the royalty shall be Twenty-Five percent (25%) of such production, to be delivered to Lessor free of any production or post-production costs, and shall be computed based on the higher of the market price or gross proceeds realized by Lessee at the point of sale provided that Lessee shall have the continuing right to sell any production in its possession to itself or an affiliate at the average of the three highest prices being paid by third parties not affiliated with the seller in first sales at arms-length for oil and other liquid hydrocarbons from the same field (or if there is no such average price then available for oil and other liquid hydrocarbons from the same field, then such average price of oil and liquid hydrocarbons from the nearest field for which there is such an average price) for oil and liquid hydrocarbons of similar grade and gravity; (b) for gas (including casing head gas), the royalty shall be Twenty-Five percent (25%) of the higher of market value or gross proceeds realized by Lessee at the point of sale. Lessor's royalty shall be determined and delivered to Lessor free of any development, production, compression, processing, treating, gathering, transportation, delivery, marketing, or other post-production costs beyond the wellhead to the point of delivery to the inlet of the gas pipeline evacuating gas from the Leased Premises. Lessee shall have the continuing right to sell such gas and components to itself or an affiliate at the average of the three highest prices being paid by third parties not affiliated with the seller in first sales at arms-length of gas and liquid hydrocarbon or other components of similar BTU content from the same field (or if there is no such average price then available for gas, liquids and other components from the same field, then such average price for production from the nearest field for which there is such an average price) pursuant to comparable purchase arrangements entered into on the same or nearest preceding date as the date on which Lessee or its affiliate commences its purchases hereunder; and (c) in calculating royalties on production hereunder, Lessee may deduct Lessor's proportionate part of any ad valorem, production and excise taxes.

16. PAYMENT OF ROYALTIES

Accounting and payment to Lessor of royalties from the production of oil or gas from any well shall commence no later than sixty (60) days after the date of first production. Thereafter, unless otherwise specifically provided herein, all accountings and payments of royalties shall be made promptly within a reasonable time from production if delivered in kind or from receipt of Lessee if sold or used or removed from said land by Lessee, and in no event later than the 25th day of the second calendar month following the calendar month in which the production, use, removal or sale occurred. Unless otherwise herein expressly provided, any royalties or other payments provided for in the Lease which are suspended or not paid to Lessor within the time period specified therefore shall accrue interest at the rate of interest specified or generally applicable to judgments in Texas compounded daily (but not to exceed, and limited to, the highest rate which may be legally contracted for by parties in the position of Lessor and Lessee) from the due date until paid. Acceptance by Lessor of royalties which are past due shall not act as a waiver or estoppel of Lessor's right to receive or recover any and all interest due thereon under the provisions hereof unless the written acceptance or acknowledgment by Lessor to Lessee expressly so provides. The rights of Lessor under this paragraph shall be in addition to, and not in lieu of, all rights Lessor may have as to payment of royalty under Texas law, including, without limitation, TEXAS NATURAL RESOURCES CODE §§ 91.401 through 91.405. Following 30 days prior notice, Lessor shall have reasonable access to the books, records and drilling and production data (excluding interpretive data) and related information of Lessee to the extent the same relate to wells drilled on said land or on land with which all or part of said land is pooled.

17. SHUT-IN ROYALTIES

It is expressly agreed and understood that Lessee's right to maintain this Lease in force after the expiration of the primary term hereof by the payment of shut-in gas royalty under this Lease shall be limited to 36 months in the aggregate. In determining the cumulative period in which a well may be shut-in, periods in which a well is shut-in because of (a) downstream pipeline malfunction, maintenance or repair, (b) curtailment by downstream purchasers or transporters of gas or (c) matters of force majeure shall not be considered or count against such cumulative period. In the event Lessee defaults in the timely payment of the shut-in royalty hereunder, and said default continues for a period of sixty (60) days after written notice from Lessor of said default then this Lease shall, ipso facto, terminate. Further notwithstanding the provisions contained in Paragraph 3 of this Lease the annual shut-in payment amount shall be \$25.00 per net mineral acre. If, after such 36 month period has expired and Lessee is thereafter required to shut in all well(s) on the Lease due to an inability to (1) obtain a reasonable market for the gas or (2) where Lessee does have a gas contract but Lessee's purchaser of gas refuses or is unable to purchase and take such gas due to no fault of Lessee, then Lessee may pay or tender to the Lessor at the address last given to Lessee, as royalty, at annual intervals, a sum equal to \$25.00 Dollars per net acre for each acre then subject to this Lease and it will be considered that gas is being produced from this Lease in paying quantities during any period for which payment is made. Such payments shall be made no later than ninety (90) days after the date the wells are shut in or the Lease is not otherwise maintained, whichever is later, and subsequent payments, if Lessee is still unable to market such gas for the

above reasons, will be due annually thereafter (if this Lease is not being otherwise maintained in force) on the anniversary date of the period for which the prior payment was made.

18. OIL AND GAS ONLY

Notwithstanding any other provision in the printed Lease, it is understood and agreed that this Lease covers and includes oil and gas only (including with oil and gas, all constituent elements thereof and all other liquefiable hydrocarbons and products of every kind or character derived there from and produced therewith from the well bore, including sulphur), and that all minerals other than oil and gas are excepted here from and reserved to Lessor. Solid minerals such as iron, coal, sand, gravel, clay, uranium and sulphur (apart from sulphur produced through the well bore) are excluded from this Lease.

19. POOLING

Notwithstanding any other provision in the printed Lease, in the case of pooling hereunder, all of the Lease Premises shall be included in any unit so formed.

20. SURFACE OCCUPANCY

Lessee does not by virtue of this Lease acquire any rights whatsoever to conduct any operations on the surface of the Lease Premises without first obtaining the prior written consent of Lessor; however, Lessee may recover oil, gas and associated hydrocarbons from the Lease Premises by directional or horizontal drilling, pooling, unitization or any other method by drilling from a surface on other lands and bottomed under the leased premises.

21. SALTWATER DISPOSAL

It is understood and agreed that Lessee or its assigns shall not let any saltwater or any other deleterious substance run on or over Lessors' land, or let same run into any tanks or any natural creek, stream, river, or other body of water, nor shall Lessee use any wells on lands covered by this lease for saltwater disposal purposes without Lessors' prior consent.

22. DEPTH LIMITATION CLAUSE

This lease is specifically limited in scope to only those formations and geologic strata under the described lands located between the surface of the ground and down to and 100 feet below the deepest producing formation of any well drilled upon the leased premises or acreage pooled therewith within the primary term of this lease. All formations and strata and all oil, gas and other minerals therein located, as well as all rights to explore and drill therefore below said prescribed depth, are excepted from this lease and reserved unto and fully retained by the Lessor. The Lessor also reserves, retains and holds unto Lessor all necessary rights of ingress and egress with drilling equipment and other equipment for the purpose of fully developing and exploring for oil, gas and other minerals into the lower formations herewith reserved.

23. WELL INFORMATION

If requested in writing by Lessor, whenever Lessee files a report with the Railroad Commission of Texas or other governmental authority having jurisdiction, including, but not limited to, applications to drill, well tests, completion reports, plugging records and production reports, Lessee shall, at the time, deliver a copy of the report to Lessor.

24. LEGAL COMPLIANCE

Lessee shall conduct all operations hereunder in accordance with the applicable rules and regulations of the Texas Commission on Environmental Quality and the Railroad Commission of Texas, and Lessee shall strictly observe and comply with all applicable local, state and federal environmental laws and regulations dealing with the herein leased premises and shall indemnify and hold harmless Lessor for any losses incurred as a result of violations thereof.

25. INDEMNITY AND INSURANCE

LESSEE AGREES TO INDEMNIFY AND HOLD HARMLESS LESSOR, AND LESSOR'S REPRESENTATIVES, SUCCESSORS, AND ASSIGNS AGAINST ALL EXPENSES, CLAIMS, DEMANDS, LIABILITIES, AND CAUSES OF ACTION OF ANY NATURE FOR INJURY TO OR DEATH OF PERSONS AND LOSS OR DAMAGE TO PROPERTY, INCLUDING, WITHOUT LIMITATION, ATTORNEY FEES, EXPERT FEES, AND COURT COSTS, CAUSED BY LESSEE'S OPERATIONS ON THE LAND OR LESSEE'S MARKETING OF PRODUCTION FROM THE LAND OR ANY VIOLATION OF ANY APPLICABLE ENVIRONMENTAL REQUIREMENTS BY LESSEE. AS USED IN THIS PARAGRAPH, THE TERM "LESSEE" INCLUDES LESSEE, ITS AGENTS, EMPLOYEES, SERVANTS, CONTRACTORS, AND ANY OTHER PERSON ACTING UNDER ITS DIRECTION AND CONTROL, AND ITS INDEPENDENT CONTRACTORS. AS A CONDITION PRECEDENT FOR LESSOR'S RIGHT TO ENFORCE THIS INDEMNITY, LESSOR SHALL NOTIFY LESSEE IN WRITING OF ANY CLAIM ASSERTED AGAINST LESSOR, WITHIN 30 DAYS AFTER SUCH CLAIM IS ASSERTED AND LESSOR SHALL GIVE FULL DETAILS OF SUCH CLAIM. LESSEE SHALL HAVE THE RIGHT AT ANY TIME TO TAKE OVER THE DEFENSE OF ANY SUCH CLAIM. IN ANY EVENT, LESSOR SHALL KEEP LESSEE FULLY ADVISED OF THE STATUS OF THE CLAIM AND NO SETTLEMENT OF ANY CLAIM SHALL BE MADE WITHOUT LESSEE'S WRITTEN CONSENT. LESSEE'S INDEMNITY OBLIGATIONS SHALL TERMINATE UPON THE EARLIER OF THE EXPIRATION OF ANY APPLICABLE STATUTE OF LIMITATIONS. At all times while this Lease is in force, Lessee shall self insure or acquire and maintain insurance covering all of its operations on the Land, including any work performed on its behalf by contractors, subcontractors, and others, naming Lessor as an additional insured. The policies shall include coverage of comprehensive general liability, for bodily injury and property damage, blowout and loss of well coverage, and coverage for any damage to the environment, including coverage for the cost of clean up and reasonably practical surface remediation.

26. RELEASE

Upon expiration or termination of this lease for any reason as to all or any portion of the leased premises, Lessee shall be obligated at its expense to promptly prepare, execute and within forty-five (45) days of such expiration or termination file in the public records in the county in which said leased premises is located an appropriate release instrument covering all or such portion of said leased premises as may be applicable hereunder, and to promptly forward a copy of same as so recorded to Lessor. The provisions of this paragraph shall apply each time that a termination occurs.

27. NO WARRANTIES

Lessor makes no warranty of any kind with respect to title to the Land. By acceptance of this Lease, Lessee acknowledges that it has been given full opportunity to investigate and has conducted sufficient investigation to satisfy itself as to the title to the Land, and Lessee assumes all risk of title failures and shall bear all costs and expenses incurred in defending title to said lands should title be challenged, or should a quiet title or other action be initiated which involves these lands. All bonus consideration is non-refundable.

28. CESSATION OF PRODUCTION

If, at the expiration of the primary term, oil and/or gas are being produced in paying quantities, but production ceases from any cause, this lease shall not terminate as to the governmental proration unit attributable to the well or wells affected thereby if Lessee commences reworking or additional actual drilling within ninety (90) days thereafter, and such reworking or additional drilling is diligently prosecuted with no cessation of more than ninety (90) days, and production in paying quantities thereafter resumes.

29. ATTORNEY'S FEES

In the event that Lessor or Lessee shall be required to employ legal counsel for the enforcement of any provision of this lease, the prevailing party shall be entitled to recover its reasonable attorney's fees and expenses incurred in such proceeding.

30. LAW AND VENUE

The rights and duties of the parties under the lease shall be governed by the laws of the State of Texas. Venue for any action arising hereunder shall lie in Tarrant County, Texas.

31. MEMORANDUM OF LEASE

The parties hereto agree that a Memorandum of Lease may be recorded in the Public Records of Tarrant County, Texas, to evidence the existence of this lease.

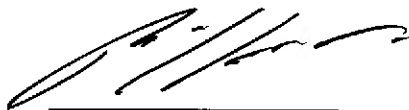
32. BINDING EFFECT

This lease shall be binding on the parties hereto and their successors, assigns, heirs and legal representatives.

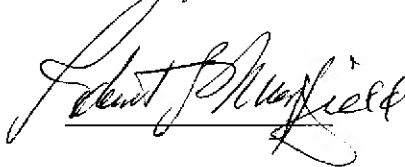
SIGNED FOR IDENTIFICATION:

LESSOR:

Roy Kiser, Jr.



Robert B. Mayfield



LESSEE:

Grand Energy, Inc.

By: 

Name: JAMES L. HARRIS

Its: PRESIDENT

Return to:

**Grand Energy, Inc.
15303 Dallas Parkway
Suite 1010
Addison, Texas 75001
Attn: Land Dept, MS**

E X H I B I T "B"

Being a tract or parcel of land situated in the Joseph Martin Survey, Abstract No. 1017, City of Fort worth, Tarrant County, Texas, and being the same tract conveyed to R. W. Wooldridge by deed recorded in Volume 2112; Page 552, Deed Records, Tarrant county, Texas. and all of a 6.00. acre tract conveyed to R. W. Wooldridge by deed recorded in Volume 7920, page 581 Deed Records, Tarrant County, Texas and being more particularly described as follows:

BEGINNING at a 1/2" iron rod set for corner in the south line of Rendon-Crowley Road (Old Farm to Market Highway No. 1187, being the north west corner of a 4.15 acre tract conveyed to J. Ramick by deed recorded in Volume 923, Page 113, Deed Records, Tarrant County, Texas;

THENCE South 02°07'59" East with the west line of said Remick tract and generally along a barb wire fence a distance of 520.39 feet to a 1/2" iron rod found for corner in the west line of said Remick tract, being the southeast corner of said Wooldridge tract and being in the north line of a tract conveyed to G. A. Conditt by deed recorded in Volume 3730, page 531, Deed Records, Tarrant County, Texas;

THENCE North 89°04'24" West with the common line between said Wooldridge tract and Conditt tract and generally along a barb wire fence a distance of 505.73 feet to a 3/4" iron rod found for corner in the northeasterly line of Interstate Highway No. 35W (variable width right-of-way), being the southwest corner of said Wooldridge tract and in the north line of said Conditt tract and also being in a curve to the right;

THENCE in a northwesterly direction with the northeasterly line of said Interstate Highway No. 35W and with said curve to the right having a central angle of 06°53'41", a radius of 1125.92 feet an arc length of 135.49 feet and chord bearing of North 37°03'34" West a chord distance of 135.41 feet to a concrete Monument with a brass disc found for corner in the northeasterly line of said Interstate Highway No. 35W, being the end of said curve to the right and being an angle point corner of said Wooldridge tract;

THENCE North 20°51'53" West with the northeasterly line of said Interstate Highway No. 35W and the southwesterly line of said Wooldridge tract and generally along a barb wire fence a distance of 73.72 feet to a 5/8" iron rod found for corner in the northeasterly line of said Interstate Highway No. 35W, being an angle point corner of said Wooldridge and also being the southwesterly corner of a .50' channel easement to the State of Texas known as Tract B recorded in Volume 5589, Page 547, Deed Records, Tarrant county, Texas)

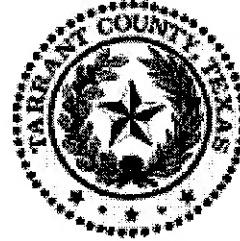
THENCE North 29°06'29" West with the northeasterly line of said Interstate Highway No. 35W and the southwesterly line of said Wooldridge tract and generally along a barb wire fence a distance of 50.58 feet to a 5/8" iron rod found for corner in the northeasterly line of said Interstate Highway No. 35W, being an angle point corner of said Wooldridge and also being the northwesterly corner of said channel easement to the State of Texas;

THENCE North 37°23'59" West with the northeasterly line of said Interstate Highway No. 35W and the southwesterly line of said Wooldridge tract and generally along a barb wire fence a distance of 74.04 feet to a concrete monument with a brass disc found for corner in the northeasterly line of said Interstate Highway No. 35W, being an angle point corner of said Wooldridge and being the beginning of a curve to the right;

THENCE in a northwesterly direction with the northeasterly line of said Interstate Highway No. 35W and with said curve to the right having a central angle of 11°05'02", a radius of 1125.92 feet an arc length of 232.82 feet and a chord bearing of North 18°25'35" West a chord distance of 232.41 feet to a 1/2" iron rod set for corner in the northeasterly line of said Interstate Highway No. 35W, being the end of said curve to the right and being the most westerly northwest corner of said Wooldridge tract;

THENCE North 60°42'00" East with the cut back line between the northeasterly line of said Interstate Highway No. 35W and the South line of said Rendon-Crowley Road and the northwesterly line of said Wooldridge tract a distance of 36.30 feet to a 1 1/2" iron rod set for corner in the south line of Said Rendon-Crowley Roads being the most northerly northwest corner of said Wooldridge tract;

THENCE South 89°32'00" East with the south line of said Rendon-Crowley Road and the north line of said Wooldridge tract and generally along a barb wire fence a distance of 706.65 feet to the Point of Beginning and containing 7.68 acres of land, more or less.



GRAND ENERGY INC
15303 DALLAS PKWY #1010

ADDISON TX 75001

Submitter: GRAND ENERGY, INC.

SUZANNE HENDERSON
TARRANT COUNTY CLERK
TARRANT COUNTY COURTHOUSE
100 WEST WEATHERFORD
FORT WORTH, TX 76196-0401

DO NOT DESTROY
WARNING - THIS IS PART OF THE OFFICIAL RECORD.

Filed For Registration: 06/01/2009 01:09 PM
Instrument #: D209143888
LSE 8 PGS \$44.00

By: _____



D209143888

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE
OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR
RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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